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MEMORANDUM FOR:

The attached is a memorandum for the record responding to a question raised by the DCI, in response to a memorandum from William E. Brock. Subject: Amendment of Proclamation Suspending Most Favored Nation (MFN) Treatment for Poland to Reduce Harm to US Firms.

Date *23 March 1983*

FORM 5-75 101 USE PREVIOUS EDITIONS

GPO : 1981 O - 345-783

EURM 83-10094

25X1

[REDACTED]
EE/NE Branch
5167 R1379

Response to Attached Memorandum

We believe that the Poles are unlikely to see the amendment as a positive step toward improving US-Polish relations. Because of the small number of firms affected and the short time frame involved, the Poles would recognize that the major purpose of the change is to help a few US businesses, not the regime. Warsaw will not see the move as the important "first step" they insist the US must make to begin the restoration of favorable relations. In financial terms, the Poles would recoup a little if any of the \$40 million annually they calculated they would lose as a result of the suspension of MFN. [REDACTED]

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EUR183-10094
[REDACTED]

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20306

W.E.
Reaction to Brock
Suggestion - AS/P.
- memo due to DCI
10⁰⁰ - 23 Mar.

CONFIDENTIAL

March 16, 1983

Executive Registry

83-1603

DDI-2223-83

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM E. BROCK

SUBJECT: Amendment of Proclamation Suspending Most Favored Nation (MFN) Treatment for Poland to Reduce Harm to U.S. Firms

On October 27, 1982, you suspended in Proclamation 4991 most-favored nation (MFN) treatment for products of Poland. In accordance with the requirements of Section 125 of the Trade Act of 1974, my office held on December 8, 1983, a public hearing on the impact of the suspension. In connection with the public hearing a small number of U.S. firms requested a limited exemption for imports that they contracted for before the decision to suspend MFN was announced. These firms will suffer large losses because they, rather than the Polish exporter, must pay the increased duty and could incur even larger losses if they do not fulfill their contracts.

In light of the information developed at the hearing, I recommend with the advice and concurrence of the Trade Policy Committee agencies that Proclamation 4991 be modified to exempt articles exported prior to June 30, 1983, when those articles are exported pursuant to a binding contract entered into before you announced your decision to terminate MFN. In our judgment such a technical amendment to the proclamation will not be viewed as a softening of our opposition to the Polish martial law regime and its treatment of Solidarity. The proposed amendment would permit a small number of U.S. firms to import at the old rate of duty goods which they are already obligated to import. It would therefore reduce the adverse effects on these U.S. companies of the higher duties without benefiting Poland in any way. This technical amendment would help U.S. firms without impinging on the intent of Proclamation 4991 to punish Poland.

If you agree with this recommendation, we will prepare for your signature a proclamation amending Proclamation 4991.

Agree _____
Disagree _____



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